

Committee on Ways and Means

Welfare Reform Has Led to Less Poverty

Since welfare reform, the poverty rate has dropped 9 percent despite the 2001 recession.

- The poverty rate declined from 13.7 percent in 1996 to 12.5 percent in 2003.
- 35.9 million people were poor in 2003, down from 36.5 million in 1996.
- African-American, Hispanic and White poverty rates have declined since 1996.

Recent declines in child poverty are especially significant.

- Child poverty declined from 20.5 percent in 1996 to 17.6 percent in 2003.
- Since welfare reform, 1.4 million children have left poverty.
- This contrasts with dire forecasts by opponents of the 1996 reforms, who predicted one million more children would be in poverty if welfare reform passed.

Poverty rates have decreased throughout society.

- Approximately 900,000 African-Americans have left poverty since 1996.
- The Hispanic poverty rate has fallen 23 percent, from 29.4 percent in 1996 to 22.5 percent in 2003.
- The White poverty rate dropped from 11.2 percent in 1996 to 10.5 percent in 2003.

Poverty rates declined as more parents worked and fewer collected welfare.

- Welfare caseloads fell more than 54 percent, from 4.4 million families in 1996 to 2 million today.
- Since 1996 women's earnings rose 27.4 percent – 21 percent faster than the 22.7 percent rise for men.

There are additional approaches to further reducing poverty.

- A recent study by the Brookings Institution¹ estimates that the poverty rate for families with children would drop 42 percent if low-income parents worked full time.
- The Brookings' study also finds that steep declines in poverty would result if married parents headed more families.
- Provisions promoting and supporting more full-time work and stronger, married families are key features of the 2005 House Republican welfare reauthorization bill (H.R. 240).
- Both policies would further reduce poverty.

¹ See: <http://www.brookings.edu/dybdocroot/es/wrb/publications/pb/pb28.pdf>